

Innovus N.V. - Business Plan 2024

1. Business Overview, Products, Service, Brands

Innovus originated from Maria Bingo back in 2006. The same founders, many key staff have been involved at the startup. Later on Unibet and Functional Games, as Innovus was incorporated as back then, collaborated regarding bingo operations. Today Innovus has divested some and taken a few blows with key merchants winding up in difficulties. As a result of this the scale of Innovus' operation has significantly decreased.

Today Innovus main brands are UtopiaBingo.com which launched in 2009 and Bensbingo.com. As a result of partnerships some of the players at UtopiaBingo.com date back from 2006 when MariaBingo.com operated as a pure bingo site. There are not many operators that can compete with the system, pedigree and operations of Innovus.

2. Company Management structure

As mentioned above, Innovus has significantly declined and is very small. Operations and margins are stable with virtually no risks since there are no Jackpots that can be won which could jeopardise the results.

The company is led by the current owner and co-founder Slavi Christov, Nadine Billhäll, and Moses Lecce.

Slavi Christov serves as Compliance officer and CFO. Nadine Billhäll serves as CEO and CCO. Moses Lecce serves as CTO.

3. Business forecast (In EUR)

4 year budget	2024	2025	2026	2027
Deposits	2,160,000	2,376,000	2,613,600	2,874,960
Withdrawals	864,000	950,400	1,045,440	1,149,984
Gross operating margin	1,296,000	1,425,600	1,568,160	1,724,976
Bet	10,800,000	11,880,000	13,068,000	14,374,800
Win/Winnings/Prizes	9,504,000	10,454,400	11,499,840	12,649,824
GGR	1,296,000	1,425,600	1,568,160	1,724,976
Transaction costs	-237,600	-261,360	-287,496	-316,246
Commission to software supplier	-194,400	-213,840	-235,224	-258,746
Operating costs	-300,000	-315,000	-330,750	-347,288
Net operating profit	564,000	635,400	714,690	802,697

4. Overview of intended strategy for the business growth and to secure/maintain/grow markets share with specific financial marketing plan

Innovus launched a new project a few months back together with Norwegian partner Admirate Growth Agency. We're currently analysing the market and developing a detailed strategy, focusing on digital growth with the full spectrum of market communication.

5. Key suppliers and material dependencies

System provider games, back and front office: Aberrant Software Inc, Canada

Bank: Allianz Bank, Bulgaria

PSP: Leikur, FYST, Kluwp, Slyse, Skrill

Web hosting: GoDaddy

6. Risk evaluation and management

The current system warns of new depositors, needed KYC etc. Most customers are mature, been customers for years and are verified. For the past couple of years very few new customers have been registered. The AML, and Risk policies are nevertheless thorough and have always been top priority of Innovus. As such we've had very few frauds, zero chargeback and always had good partnerships with PSPs.

6.1. Internal Control Policies

The fundamental policy is that systems and humans make errors and therefore no single person or system may be fully responsible for one task from start to finish. Every task is either monitored by a second person and/or must be approved by a second person and thus verified/double checked.

E.g. Every PSP (payment service provider) has a long and extensive list of their fraud systems and their screening process.

All policies have not been written down, this has not been needed in a company of our size. That being said, no action taken by a single person can slip through the dual authorisation system and/or not go unnoticed.

6.2. Internal Control Structure

There are three levels in the organisational hierarchy at Innovus:

1. Customer service staff
2. Game Manager (handled by the CEO)
3. Operative board members (CEO and CTO) + the CEO of the system supplier Aberrant Software

The customer service staff is mainly concerned with support but carry out security checks of new players according to the KYC and report any irregularity discovered to a manager or board member.

The bulk of the daily operations are concerned with security and all tasks are written down or of such a repetitive nature that any error would automatically be discovered as a chain of expected events will be broken.

As from above, no action or task is carried out by chance and is regulated. Nor can any task be fully carried out by one person in order to prevent errors, fraud, etc.

However, all routines in our operation are virtually impossible to write down since we're a small group of 3 carrying out the daily routines. The most important areas of control and their structure are:

1. A new depositing player – KYC
2. Payouts to players
3. AML
4. Game prizes / game settings
5. Operational budget

6.3 A new depositing player - KYC

When a deposit is made from a new player it's discovered by running a report in our system. The player is under normal circumstances verified of the identity given according to KYC and checked off. The KYC routines differ from what the case is.

If a player deposits extensively and/or gives any reason for suspicious behaviour, e.g. excessive depositing (currently set to the equivalent of EUR 800 during a 24 hour period), utility bills and/or copies of supporting identity such as copy of identity card or passport gets requested. Many of the KYC procedures are carried out as part of the AML as in 2.3 AML. The foundation for KYC is Passport, ID cards, Utility bills, and copy of source of deposit (Visa, bank, etc). The European Union has set EUR 1000 as a threshold where a customer due diligence should be carried out. Innovus applies this recommendation, and any customer who deposits the equivalent to EUR 1000 will be subjected to a KYC process of further proof of identity, e.g. passport, id, and/or utility bills.

Payouts

The process of paying out funds deposited and/or prizes (game winnings) is one of the more crucial and sensitive parts of the operation. The image "Simplified Payment Process below, illustrate the following routine for a payment request which works as follows:

1. Player A requests EUR 1,000 to be paid out.
2. The request winds up on the request list.
3. At CET 11.00 every day the CEO and CFO goes through the report with all payment requests with a timestamp that is prior to 11.00 of that day. For the example above of the request of EUR 1,000 from player A, the KYC is in place and there are deposits from the same VISA card, the funds requested are verified as winnings so the request is approved. The approved list now leaves the request list and is moved to the reviewed list.

4. The CFO has now completed the first part of the payment process. The staff does not have any access to any of the payment service providers and cannot access any funds and cannot, nor should they, carry out the payouts.
5. If it's a known customer or a higher payout and the KYC is in place, we proceed with payout.

More complex questions than the simplified example from above are naturally of concern:

1. *How is the Game Manager prevented from paying out money to an account of a friend, criminals, or indeed to him or herself?*
 - a. Members of staff are strictly forbidden to have gaming accounts with Innovus.
 - b. Funds can only be requested from within a player account. This means that funds requested must have arrived from either deposits or game prizes. Staff can however do adjustments in the system. Each adjustment is recorded and a reason must be stated.
2. *How is a prize verified?*
 - a. Each player's game log is verified by the Game Manager/CEO and finally the CTO.
3. *How is staff prevented from paying out money to themselves or any unintended party?*
 - a. Staff cannot add funds to gaming accounts via adjustments and can only credit deposits.

AML

RGA (the Remote Gambling Association) has via a commissioned investigation, carried out by MHA Consultancy that conclude that, the AML in the gaming industry is low and one of the main reason for this is "online gambling is not a likely accessible avenue for money laundering because: "the identities of the gamblers are known; the financial transactions between the bettors and operators are all in electronic format; and all of the wagering is recorded". A conclusion that "the industry must stay vigilant" was raised. The areas of concern in the report were the following areas: Customer Risk, Product/Services Risk, Transaction/Payment Risk, Geographical Risk, Behavioural Risk (monitoring).

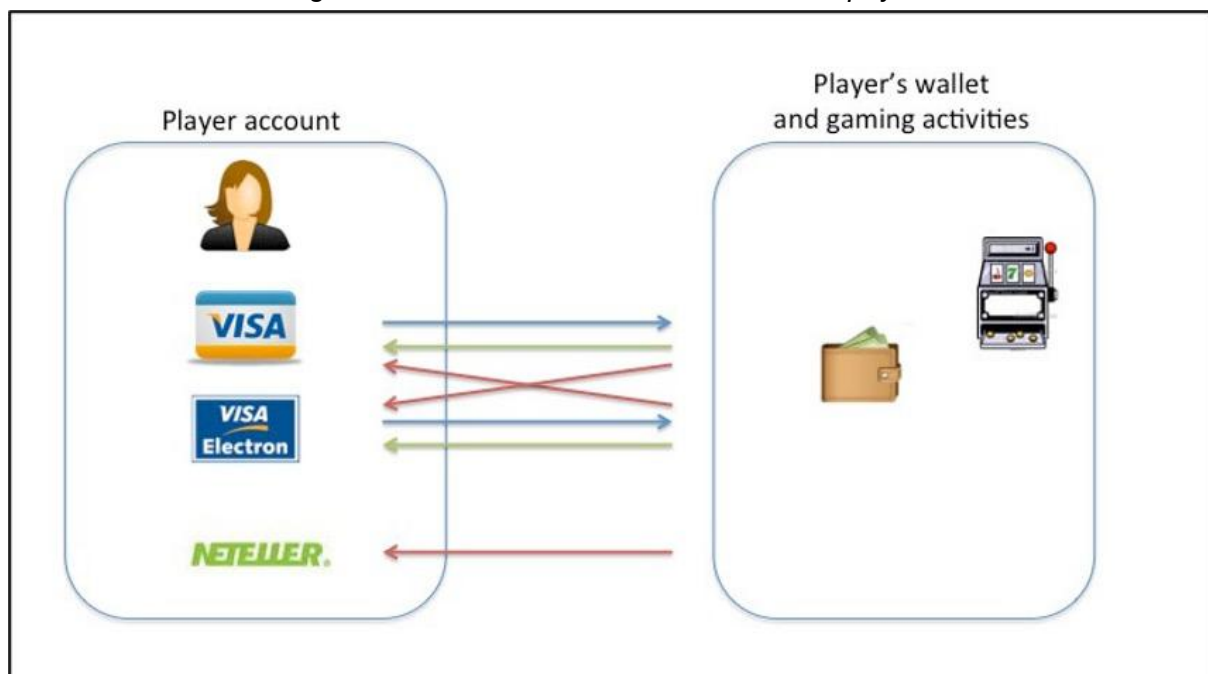
Brief comments to the risk areas and the implications:

1. The customer risk: This means KYC
2. Transaction/Payment Risk: The area of greatest concern to our operations.
3. Behavioural Risk (monitoring): an on-going process of KYC.

AML – Transactional Risks

Anti-money laundry is important involving money flowing back and forth. At any suspicion accounts and funds can be frozen pending an internal and/or external investigation. Record keeping of IP addresses, and KYC are part of BensBingo's AML routines. Customers acknowledge their obligation to comply with requests of verification of identity (passport, drivers licence, bank references, etc). Frequent and/or larger transactions are always subject to verification of Customer's identity. Customers are not allowed to "harbour funds" (save larger amounts of money on their accounts. Payouts or withdrawals of winnings must go back to source of deposits and if not possible a full verification of Customer's identity and accounts must be undertaken to ensure funds flow back to the original depositor. The easiest way to launder money is to use a variety of payment options for deposits, and act as a "normal customer" and then later withdraw funds to another source of payment option than the ones used for the depositing of funds.

Image: Fundamental "back to the source" for payouts



Blue arrows indicate deposits, green arrows payouts that are B2S, and red arrows not allowed payouts that are not B2S.

Innovus prohibits payouts that are not back to the source of the deposit. The B2S button acceptance for the review of a payout request (enabling the request for being processed) encompasses that the KYC is in place. Under normal circumstances copies of cards, ID and utility bills would be needed.

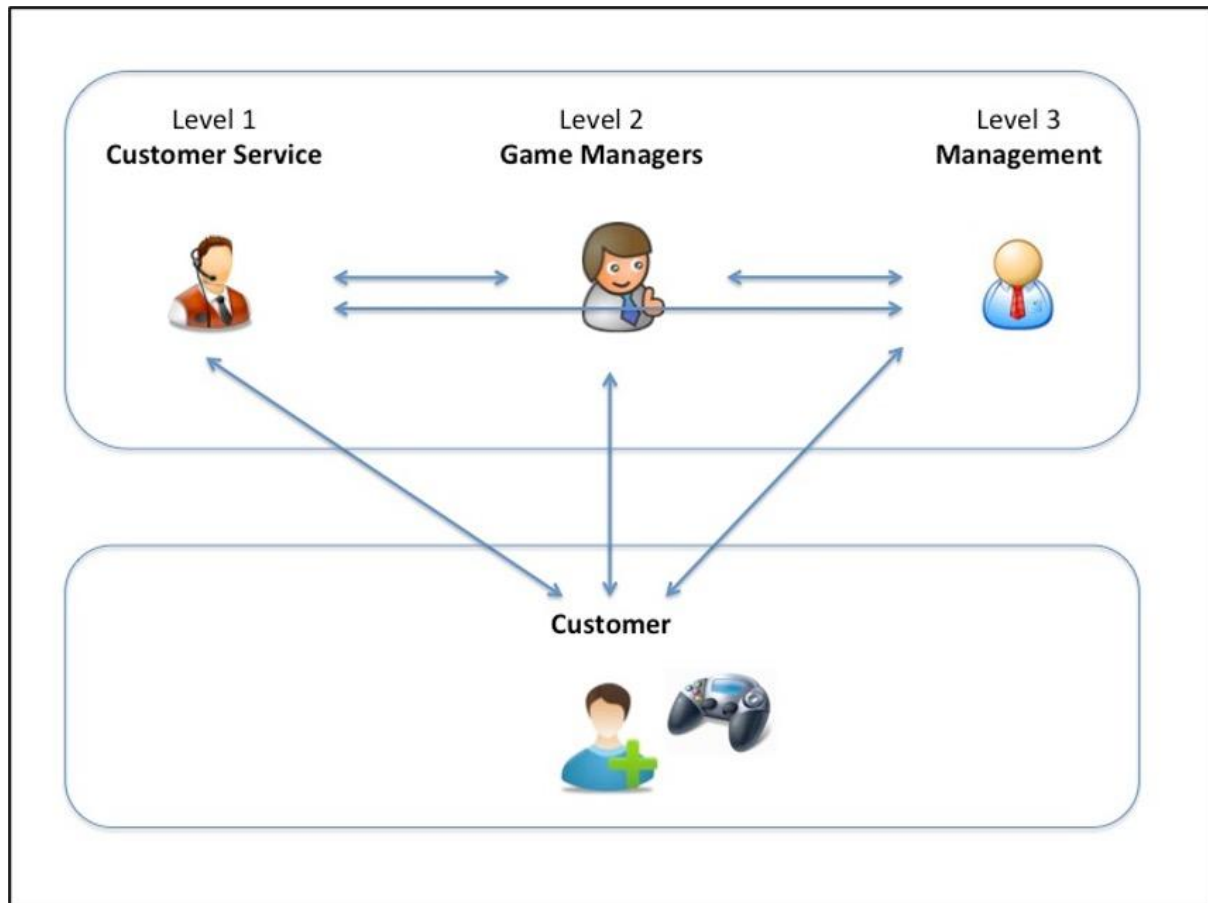
6.2.3.2 AML – Staff

Staff cannot add funds to a player account and/or override the systems. Where a member of staff can override and approve e.g. "Back To Source" they leave their digital signature.

6.3. Detailed Politics

In a small company like Innovus the hierarchy is very flat and all communicate with all. Customer service staff contact and consult the CEO directly for any idea, query, suggestion, problem or error that can possibly occur. However as illustrated in the bullets under section 2, all members of staff have their area of operations and responsibilities and the detailed politics is that everybody bears the answer to all but have main areas of focus and access.

Image: Corporate Structure and areas of operations



The three levels of members of staff and their area of expertise and responsibilities are:

1. Customer service staff
 - a. Customer support via email, phone and internal support system.
 - b. Monitoring the logs for new registrations, new depositors, KYC requests.
 - c. Alerting Level 2/3 upon need.
2. Game Manager (CEO)
 - a. Evaluates logs.
 - b. Evaluates KYC, AML, reports of winnings, and statistical results.
3. Management (CEO, CFO and CTO)
 - a. Monitoring and evaluation, budget and administration, IT security.
 - b. Final decision-making.

As an illustration to why Innovus does not have explicit “Detailed Politics” as such is that all members of staff would know all that is incorporated in every document Innovus has submitted.

Further, all members of staff would also receive these documents as all are deemed to be on a need to know basis. The levels are in place to set firm rules on who has the final say in a matter, distribute areas of responsibilities to add accountability.

6.5. Reports

No report generated by the system that should be approved/analysed can be ignored without alerting virtually all staff and the management with the system supplier (who charge Innovus according to what these reports encompasses).

6.6. Monitoring And Follow Up

All operations are followed up on “a case-by-case as they happen”, daily, weekly, monthly intervals.

7. Legal governance framework

As the company is small there’s no current board. The management ensures decisions align with company objectives. The CEO and CFO are directly involved in day-to-day decision-making. For legal adherence we work closely with Keyfin Management in Curaçao.

8. Target KPIs and business objectives

Key Performance Indicators

Monthly Revenue Growth Rate:

We’re targeting a consistent 5%-10% increase in revenue each month.

This reflects our commitment to financial health and sustainable growth.

Customer Base Expansion:

We aim to see a 5% monthly rise in the number of active users/customers.

This metric underscores our focus on reaching and engaging a wider audience.

Market Share Growth:

Our long term goal is continue to expand other markets

Profit Margin Improvement:

We’re working towards a monthly improvement of 5% in profit margins.

Maximising profitability through efficient operations and revenue optimization.

Customer Satisfaction and Retention:

Maintaining high customer satisfaction is crucial.

We're aiming to minimise churn rate, and keep high customer satisfaction scores. This reaffirms our commitment to providing an exceptional user experience and fostering long-term customer loyalty as we've done since the start.

In summary, by focusing on these clear and measurable objectives, we're poised to drive sustainable growth and success for our brands.

9. Policies and Procedures

All our policies are done internally, following the rules and regulations stated by the GCB.

We work closely with Keyfin management based in Curaçao that provides us guidance, raising consciousness, and offering support regarding the regulatory obligations necessary for our company's operational adherence. Upholding company compliance entails ensuring that both employees and management adhere to company policies, standards, and ethical guidelines.

We believe working closely with Keyfin Management, we're competent and qualified handling the policies, procedures and free from conflicts of interest. We have extensive years of experience in the industry and prioritise adherence to rules and regulations by the GCB. We ensure ethical and lawful conduct at all times. Moreover, our dedication to our long standing customers of 10+ years underscores our commitment to always maintain their trust and satisfaction.